

5. Premium Audit

We will compute all premiums for this policy in accordance with our rules and rates. Premiums shown in this policy as "advance premium" are deposit premiums only. The premiums developed by the audit are due and payable on notice to the first Named Insured. If the total advance and audit premiums paid for the policy period are greater than the earned premium, we will return the excess amount.

The first Named Insured:

- a. is responsible for the creation and maintenance of records of the information we need for premium computation; and
- b. must send us copies of records we request.

6. Arbitration

If a claim against any insured goes to arbitration, we shall be entitled to exercise the insured's rights in the choice of arbitrators.

7. Separation of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or suit is brought.

8. Transfer of Rights of Recovery Against Others To Us

Any person to whom or for whom we make payment must transfer to us his or her rights of recovery against any other party. This person must do everything needed to secure and preserve these rights. He or she must do nothing after the loss that would jeopardize them.

SECTION VI - EXTENDED REPORTING PERIOD

1. We will provide an automatic Extended Reporting Period as described in paragraph 3. or, if you purchase it, an Extended Reporting Period Endorsement as described in paragraph 4. only if:

- a. This Coverage Part is cancelled or not renewed for any reason; or
- b. We renew or replace this Coverage Part with other insurance that has a Retroactive Date later than the one shown in this Coverage Part's Declarations.

2. If we provide an Extended Reporting Period, the following is added to paragraph 1.b. of INSURING AGREEMENT - SECTION 1:

- a. A claim first made during the Extended Reporting Period will be deemed to have been made on the last day of the policy period provided that the claim is for damages because of an act, error or omission that occurred before the end of the policy period of this policy (but not before any applicable Retroactive Date).

The Extended Reporting Period will not reinstate or increase the Limits of Insurance or extend the policy period.

3. The automatic Extended Reporting Period will be for 60 days, starting with the end of the policy period of this policy.

This automatic Extended Reporting Period applies only if no subsequent insurance you purchase applies to the claim, or would apply but for the exhaustion of its applicable limit of insurance.

This automatic Extended Reporting Period may not be cancelled.

4. If you purchase the optional Extended Reporting Period Endorsement, the Extended Reporting Period will be for one year, starting with the end of the policy period of this policy. We will issue that Endorsement if the first Named Insured shown in the Declarations:

- a. Makes a written request for it which we receive within 60 days after the end of the policy period; and
- b. Promptly pays the additional premium when due.

The Extended Reporting Period Endorsement will not take effect unless the additional premium is paid when due. If that premium is paid when due, the endorsement may not be cancelled.

The Extended Reporting Period Endorsement will also amend Paragraph 3, Other Insurance of CONDITIONS (Section V) so that the insurance provided will be excess over any other valid and collectible insurance available to the insured, whether primary, excess, contingent or on any other basis, whose policy period begins or continues after the Endorsement takes effect.

5. We will determine the actual premium for the Extended Reporting Period Endorsement in accordance with our rules and rates. In doing so, we may take into account the following:

- a. The exposures insured;
- b. Premiums, types and amounts of insurance;
- c. Limits of insurance available under this Coverage Part for future payment of damages; and
- d. Other related factors.

The premium for the Extended Reporting Period Endorsement will not exceed 200% of the annual premium for the Coverage Part to which the endorsement would be attached and will be fully earned when the Endorsement takes effect.

6. If the optional Extended Reporting Endorsement is in effect, we will provide a separate aggregate limit of insurance equal to the dollar amount shown in the declarations in effect at the end of the policy period. The separate aggregate limit shall only apply to claims first received and recorded during the Optional Extended Reporting Period.

SECTION VII - DEFINITIONS

1. Administration -

- a. Counseling employees, including their dependents and beneficiaries, with respect to the employee benefit program;
- b. Handling records in connection with the employee benefit program; or
- c. Effecting or terminating any employee's participation in a plan included in the employee benefit program.

2. Advertising Injury - Injury arising out of one or more of the following offenses:

- a. oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products, or services;
- b. oral or written publication of material that violates a person's right of privacy;
- c. misappropriation of advertising ideas or style of doing business; or

- d. infringement of copyright, title or slogan;
arising out of advertising activities.
- 3. **Bodily injury** - Bodily injury, sickness or disease sustained by a person, including care, loss of services or death resulting from any of these at any time.
- 4. **Coverage Territory** - the United States of America (including its territories and possessions), Puerto Rico and Canada.
- 5. **Employee(s)** - your officers, partners and employees whether actively employed, disabled or retired.
- 6. **Employee benefit program** - the following plans:
 - a. Group life insurance, group accident or health insurance, profit sharing plans, IRS qualified pension plans and stock subscription plans, provided that no one other than an employee may subscribe to such insurance or plans;
 - b. Unemployment insurance, social security benefits, workers' compensation and disability benefits;
 - c. Any other similar plan designated in the Declarations or added thereto by endorsement.
- 7. **Insured** - any person or organization qualifying as such under WHO IS AN INSURED.
- 8. **Leased Worker** - a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. Leased worker does not include a temporary worker.
- 9. **Occurrence** - an accident, including continuous or repeated exposure to substantially the same general harmful conditions. Property Damage that is loss of use of tangible property that is not physically injured shall be deemed to occur at the time of the accident that caused it.
- 10. **Personal injury** - Injury other than bodily injury, arising out of one or more of the following offenses:
 - a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. Wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of:
 - 1) a room;
 - 2) a dwelling; or
 - 3) a premises;
 that a person occupies by on behalf of its owner, landlord or lessor;
 - d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
 - e. Oral or written publication of material that violates a person's right of privacy.
- 11. **Profit sharing plans** - only such plans that are IRS qualified and equally available to all full time employees.

12. Property damage -

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the occurrence that caused it.

13. Stock subscription plans - only such plans that are IRS qualified and equally available to all full time employees.

14. Suit - a civil proceeding in which damage because of an act, error or omission to which this insurance applies are alleged. suit includes:

- a. An arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent.

15. Temporary Worker - a person who is furnished to you to substitute for a permanent employee on leave or to meet seasonal or short-term workload conditions.

CL 395
(1-86)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GL 23 27 01 86

**CHANGES IN PROFESSIONAL LIABILITY FORMS
FOR COMMERCIAL PACKAGE POLICIES**

This endorsement modifies insurance provided under the following:

HOSPITAL PROFESSIONAL LIABILITY POLICY

LAWYERS PROFESSIONAL LIABILITY POLICY

PHYSICIANS, SURGEONS AND DENTISTS PROFESSIONAL LIABILITY POLICY

- A. The following substitution of terms shall apply without any change in the insurance coverage provided:

The term:

"Company" is replaced by the terms "we," "us" or "our."

"Named Insured" is replaced by the terms "you" or "your."

"Policy" is replaced by the term "Coverage Part."

"Policy territory" is replaced by the term "coverage territory."

- B. If this Coverage Part is written with a Commercial General Liability "claims-made" coverage form, SECTION V—Extended Reporting Periods in that form does not apply to this Coverage Part. The Extended Reporting Period contained in the ADDITIONAL CONDITIONS of this Coverage Part applies.

- C. The "suit" definition is replaced by the following:

"Suit" means a civil proceeding in which damages to which this insurance applies are alleged. "Suit" includes an arbitration proceeding alleging such damages to which you must submit or submit with our consent.

- D. The following Conditions are replaced by the Common Policy Conditions:

1. Premium.
2. Inspection and Audit.
3. Changes.
4. Assignment.
5. Cancellation.

PROFESSIONAL LIABILITY
PR 00 03 12 97

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HOSPITAL PROFESSIONAL LIABILITY COVERAGE FORM

Various provisions in the policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II - Who is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V - Definitions.

SECTION I - COVERAGE**1. Insuring Agreement**

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of injury to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However we will have no duty to defend the insured against any "suit" seeking damages for injury to which this insurance does not apply. We may at our discretion investigate any "medical incident" and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section III - Limits Of Insurance; and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

b. This insurance applies to injury only if:

(1) The injury is caused by a "medical incident" that takes place in the "coverage territory"; and

(2) The injury occurs during the policy period.

2. Exclusions

This insurance does not apply to:

a. Criminal Acts

Injury arising out of a criminal act, including but not limited to sexual abuse or molestation or fraud, committed by or at the direction of the insured.

b. Contractual Liability

Injury for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

c. Violation Of An Antitrust Law

Any claim for damages arising out of the violation of an antitrust law.

d. Workers Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employers' Liability

"Bodily injury" to:

(1) An "employee" of the insured arising out of and in the course of:

(a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business; or

(2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligations to share damages with or repay someone else who must pay damages because of the injury.

f. Aircraft, Auto Or Watercraft

Injury arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft. Use includes operation and loading or unloading.

However, this exclusion does not apply to loading or unloading of patients from any "ambulance".

PR 00 03 12 97

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3. Supplementary Payments

We will pay, with respect to any claim we investigate or settle or any "suit" against an insured we defend:

- a. All expenses we incur.
- b. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- c. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- d. All costs taxed against the insured in the "suit".
- e. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- f. All interest on the full amount of the judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the Limits of Insurance.

SECTION II - WHO IS AN INSURED**1. If you are designated in the Declarations as:**

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members and partners and their spouses are also insureds, but only with respect to that member's or partner's liability as such.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers", directors, trustees and governors are insureds, but only with respect to their duties as your officers, directors, trustees or governors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

2. Your "employees" are also insureds, but only for acts or omissions within the scope of their employment by you or while performing duties related to the conduct of your business.

3. If an insured dies or is adjudged incompetent, this insurance will terminate for that insured. But the insured's legal representative will be an insured for any "medical incident" previously committed and covered by this policy.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
2. The Aggregate Limit is the most we will pay for the sum of all damages because of injury.
3. Subject to the Aggregate Limit, the Each Medical Incident Limit is the most we will pay for all damages because of all injury arising out of any one "medical incident".

All related "medical incidents" arising out of the providing of or failure to provide professional health care services to any one person shall be considered one "medical incident".

The limits of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV - CONDITIONS**1. Bankruptcy**

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of A Medical Incident, Claim Or Suit

a. You must see to it that we are notified as soon as practicable of a circumstance which may result in a claim. To the extent possible, notice should include:

- (1) Specific circumstances surrounding the "medical incident";
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury arising out of the "medical incident".

b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured, and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary. Our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph b. below.

b. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first. If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy term is greater than the earned premium, we will return the excess to the first Named Insured.

c. The first Named Insured must keep records of the information we need for premium computation and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V - DEFINITIONS

1. "Ambulance" means any aircraft, "auto" or watercraft equipped for transporting the sick or injured.
2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
3. "Bodily injury" means bodily injury, sickness, or disease sustained by a person, including death resulting from any of these at any time.

4. "Coverage territory" means:

- a. The United States of America (including its territories and possessions), Puerto Rico and Canada; and
- b. All parts of the world if the insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described in Paragraph a. above or in a settlement we agree to.

5. "Employee" includes a "leased worker". "Employee" does not include "temporary worker".**6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.****7. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".****8. "Medical incident" means any act or omission:**

- a. In the providing of or failure to provide professional health care services to your patients, including:

- (1) The providing or dispensing of food, beverages, medications or medical supplies or appliances in connection with such services; and

- (2) The handling or treatment of dead bodies, including autopsies, organ donation or other procedures.

- b. Arising out of the service by any person as a:

- (1) Member of a formal accreditation, standards review or equivalent professional board or committee of the Named Insured; or

- (2) Person charged with executing the directives of such board or committee.

9. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

- b. Vehicles maintained for use solely on or next to premises you own or rent;

- c. Vehicles that travel on crawler treads;

d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

- (1) Power cranes, shovels, loaders, diggers or drills; or
- (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

e. Vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

- (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
- (2) Cherry pickers and similar devices used to raise or lower workers;

f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

10. "Suit" means a civil proceeding in which damages because of injury to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.


11. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

(The Attaching Clause need be completed only when this endorsement is issued subsequent to preparation of the policy.)

GU 207
(6-78)

ENDORSEMENT

This endorsement, effective on _____ at 12:01 A.M. standard time, forms a part of
Policy No. NGB 0151564-00 of the
Issued to. INTEGRATED HEALTH SERVICES, INC.



Authorized Representative

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SUPPLEMENTARY PAYMENTS-ERODE LIMITS OF INSURANCE AMENDMENT

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

HOSPITAL PROFESSIONAL LIABILITY COVERAGE FORM

" SUPPLEMENTARY PAYMENTS" IS MODIFIED SUCH THAT ALL PAYMENTS WILL REDUCE THE LIMITS OF INSURANCE. THE FOLLOWING CHANGES ARE MADE TO THE COVERAGE FORMS:

" INSURING AGREEMENT" , SECTION I COVERAGE, PARAGRAPH 1.a.(1) IS REPLACED WITH:

(2) THE AMOUNT WE WILL PAY FOR DAMAGES AND OUR RIGHT AND DUTY TO DEFEND IS LIMITED AND ENDS AS DESCRIBED IN LIMITS OF INSURANCE (SECTION III).

" INSURING AGREEMENT" , SECTION I, COVERAGE, PARAGRAPH 1.a.(2) IS DELETED.

" LIMITS OF INSURANCE" , SECTION III IS AMENDED AS FOLLOWS:

FOR THE PURPOSES OF DETERMINING THE LIMITS OF INSURANCE, DAMAGES INCLUDE AMOUNTS PAID UNDER SUPPLEMENTARY PAYMENTS. OUR RIGHT AND DUTY TO DEFEND ENDS WHEN WE HAVE USED UP THE APPLICABLE LIMIT OF INSURANCE.

" SUPPLEMENTARY PAYMENTS" , SECTION I IS DELETED AND REPLACED WITH THE FOLLOWING:

3. SUPPLEMENTARY PAYMENTS

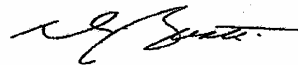
GU 207 (6-78)

(The Attaching Clause need be completed only when this endorsement is issued subsequent to preparation of the policy.)

GU 207
(6-78)

ENDORSEMENT

This endorsement, effective on _____ at 12:01 A.M. standard time, forms a part of
Policy No. NGB 0151564-00 of the _____
Issued to. INTEGRATED HEALTH SERVICES, INC.



Authorized Representative

WE WILL PAY, WITH RESPECT TO ANY CLAIM WE INVESTIGATE OR SETTLE, OR ANY "SUITE"
AGAINST AN INSURED WE DEFEND:

1. ALL EXPENSES WE INCUR.
2. UP TO \$250 FOR COST OF BAIL BONDS REQUIRED BECAUSE OF ACCIDENTS OR TRAFFIC LAW VIOLATIONS ARISING OUT OF THE USE OF ANY VEHICLE TO WHICH THE BODILY INJURY LIABILITY COVERAGE APPLIES. WE DO NOT HAVE TO FURNISH THESE BONDS.
3. THE COST OF BONDS TO RELEASE ATTACHMENTS, BUT ONLY FOR BOND AMOUNTS WITHIN THE APPLICATION LIMIT OF INSURANCE. WE DO NOT HAVE TO FURNISH THESE BONDS.
4. ALL REASONABLE EXPENSES INCURRED BY THE INSURED AT OUR REQUEST TO ASSIST US IN THE INVESTIGATION OR DEFENSE OF THE CLAIM OR "SUIT", INCLUDING ACTUAL LOSS OF EARNINGS UP TO \$250 A DAY BECAUSE OF TIME OFF FROM WORK.
5. ALL COSTS TAXED AGAINST THE INSURED IN THE "SUIT".
6. PREJUDGMENT INTEREST AWARDED AGAINST THE INSURED ON THAT PART OF THE JUDGMENT WE PAY. IF WE MAKE AN OFFER TO PAY THE APPLICABLE LIMIT OF INSURANCE, WE WILL NOT PAY ANY PREJUDGMENT INTEREST BASED ON THAT PERIOD OF TIME AFTER THE OFFER.
7. ALL INTEREST ON THE FULL AMOUNT OF ANY JUDGMENT THAT ACCRUES AFTER ENTRY OF THE JUDGMENT AND BEFORE WE HAVE PAID, OFFERED TO PAY, OR DEPOSITED IN COURT THE PART OF THE JUDGMENT THAT IS WITHIN THE APPLICABLE LIMIT OF INSURANCE.

THESE PAYMENTS WILL BE CONSIDERED PART OF DAMAGES AND WILL REDUCE THE LIMITS OF INSURANCE.

GU 207 (6-78)

(The Attaching Clause need be completed only when this endorsement is issued subsequent to preparation of the policy.)

GU 207
(6-78)

ENDORSEMENT

This endorsement, effective on _____ at 12:01 A.M. standard time, forms a part of
Policy No. NGB 0151564-00 of the _____
issued to. INTEGRATED HEALTH SERVICES, INC.



Authorized Representative

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**AMENDATORY ENDORSEMENT-INSURING AGREEMENT
PRIOR OCCURRENCE COVERAGE FOR SCHEDULED ENTITIES**

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

HOSPITAL PROFESSIONAL LIABILITY COVERAGE FORM

SECTION I-COVERAGE, PARAGRAPH 1.B.(2) OF THE INSURING AGREEMENT IS DELETED AND REPLACED AS FOLLOWS:

(2) THE INJURY OCCURS DURING THE POLICY PERIOD; OR THE INJURY OCCURS SUBSEQUENT TO THE LISTED "RETROACTIVE DATE" FROM ONE OF THE SPECIFICALLY "SCHEDULE INSUREDS" BELOW AND THE CLAIM IS FIRST MADE DURING THIS POLICY PERIOD AND NOT ANY OF THE FOLLOWING:

- a. FIRST MADE TO ANY INSURER PRIOR TO THE EFFECTIVE DATE OF THE SCHEDULED ENTITY BEING ACQUIRED BY INTEGRATED HEALTH SERVICES, INC.
- b. MADE AGAINST THIS POLICY BECAUSE THE LIMITS OF LIABILITY UNDER ANY PREVIOUS POLICY, WHETHER ISSUED BY US OR NOT, ARE INSUFFICIENT OR HAVE BEEN EXHAUSTED
- c. MADE AGAINST THIS POLICY BECAUSE OF INSOLVENCY OR BANKRUPTCY OF ANY INSURER
- d. COVERED BY ANY OTHER INSURANCE, INCLUDING ANY COVERAGE AFFORDED BY AN EXTENDED REPORTING PERIOD

GU 207 (6-78)

(The Attaching Clause need be completed only when this endorsement is issued subsequent to preparation of the policy.)

GU 207
(6-78)

ENDORSEMENT

This endorsement, effective on

at 12:01 A.M. standard time, forms a part of

Policy No. NGB 0151564-00

of the

issued to, INTEGRATED HEALTH SERVICES, INC.



Authorized Representative

SCHEDULED INSUREDS

BARTON CREEK HEALTHCARE, INC.
BARTON CREEK INVESTMENT, INC.
BAY AREA PARTNERS
LITHOTRIPSY PARTNERS OF CINCINNATI
LITHOTRIPSY MANAGEMENT SERVICES
SERVICE TRENDS
NORTH GEORGIA LITHOTRIPSY PARTNERS OF ATLANTA
NORTH GEORGIA LITHOTRIPSY, LP
NORTH GEORGIA LITHOTRIPSY ASSOCIATES, INC.
NORTH GEORGIA LITHOTRIPSY PARTNERS OF AUGUSTA
COBB REGIONAL LITHOTRIPSY PARTNERS
MIDWEST UROLOGIC STONE LIMITED PARTNERSHIP
MOBILE LITHOTRIPSY OF INDIANA, INC.
MOBILE LITHOTRIPSY OF INDIANA, LTD.
MOBILE LITHOTRIPSY OF INDIANA LIMITED PARTNERSHIP
NEW JERSEY LITHO, LP
NORTHEAST INDIANA STONECARE, LLC
SOUTHWEST LITHOTRIPSY PARTNERS, LTD.
GULF SOUTH LITHOTRIPSY
GULF SOUTH CRYOGENICS

RETROACTIVE DATE

SEPTEMBER 2, 1989
SEPTEMBER 1, 1990
JULY 26, 1986
JANUARY 1, 1993
JANUARY 1, 1993
SEPTEMBER 11, 1993
JUNE 12, 1990
JUNE 12, 1990
DECEMBER 12, 1994
FEBRUARY 11, 1991
JUNE 25, 1990
APRIL 1, 1993
FEBRUARY 1, 1993
FEBRUARY 1, 1993
FEBRUARY 1, 1993
SEPTEMBER 14, 1990
MARCH 1, 1994
DECEMBER 31, 1993
DECEMBER 1, 1990
DECEMBER 1, 1990

GU 207 (6-78)

(The Attaching Clause need be completed only when this endorsement is issued subsequent to preparation of the policy.)

GU 207
(6-78)

ENDORSEMENT

This endorsement, effective on _____ at 12:01 A.M. standard time, forms a part of
Policy No. NGB 0151564-00 _____ of the
Issued to. INTEGRATED HEALTH SERVICES, INC.



Authorized Representative

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDATORY ENDORSEMENT

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

HOSPITAL PROFESSIONAL LIABILITY COVERAGE FORM

THIS ENDORSEMENT CHANGES YOUR POLICY TO COMPLY WITH THE REQUIREMENTS OF SECTION 952 OF THE OMNIBUS RECONCILIATION ACT OF 1980. UPON WRITTEN REQUEST, WE WILL ALLOW THE SECRETARY OF HEALTH AND HUMAN SERVICES AND THE CONTROLLER GENERAL ACCESS TO THE POLICY AND NECESSARY BOOKS, DOCUMENTS AND RECORDS TO VERIFY THE COST OF THE POLICY, TO THE EXTENT REQUIRED BY LAW. ACCESS WILL ALSO BE ALLOWED TO SUBCONTRACTORS BETWEEN US AND ANY RELATED ORGANIZATION OF OURS AND TO ITS BOOKS, DOCUMENTS AND RECORDS. SUCH ACCESS WILL BE PROVIDED UP TO FOUR YEARS AFTER THE SERVICES FURNISHED UNDER THIS POLICY END.

GU 207 (6-78)

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GU 207
(6-78)

ENDORSEMENT

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issued to. INTEGRATED HEALTH SERVICES, INC.



Authorized Representative

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AMENDATORY ENDORSEMENT-BEAUTY AND BARBERS LIABILITY

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

HOSPITAL PROFESSIONAL LIABILITY COVERAGE FORM

SECTION V-DEFINITIONS, PARAGRAPH 8. "MEDICAL INCIDENT" IS AMENDED AS FOLLOWS:

- c. IN THE PROVIDING OR FAILURE TO PROVIDE PERSONAL OR PROFESSIONAL SERVICES USUAL TO A BEAUTY PARLOR OR BARBER SHOP, INCLUDING:
 - (1) THE RENDERING OR FAILURE TO RENDER ANY TREATMENT, SERVICE, ADVISE OR INSTRUCTION FOR THE PURPOSE OF APPEARANCE OR SKIN ENHANCEMENT, HAIR REMOVAL OR REPLACEMENT, OR PERSONAL GROOMING.

GU 207 (6-78)

(The Attaching Clause need be completed only when this endorsement is issued subsequent to preparation of the policy.)

GU 207
(6-78)

ENDORSEMENT

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Authorized Representative

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WHO IS AN INSURED-AMENDMENT

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
HOSPITAL PROFESSIONAL LIABILITY COVERAGE FORM

SECTION II-WHO IS AN INSURED, PARAGRAPH 2 IS AMENDED AS FOLLOWS:

2. EACH OF THE FOLLOWING IS ALSO AN INSURED:

a. YOUR "EMPLOYEES", OTHER THAN EITHER YOUR "EXECUTIVE OFFICERS" (IF YOU ARE AN ORGANIZATION OTHER THAN A PARTNERSHIP, JOINT VENTURE OR LIMITED LIABILITY COMPANY), YOUR MANAGERS (IF YOU ARE A LIMITED LIABILITY COMPANY), ANY ALLOPATHIC PHYSICIANS/SURGEONS, OSTEOPATHIC PHYSICIANS/SURGEONS (INCLUDING BUT NOT LIMITED TO RESIDENTS, EXTERNS, INTERNS, AND FELLOWS), PODIATRISTS, CHIROPRACTORS, DENTIST, OR CERTIFIED REGISTERED NURSE ANESTHETIST; BUT, ONLY FOR ACTS WITHIN THE SCOPE OF THEIR EMPLOYMENT BY YOU OR WHILE PERFORMING DUTIES RELATED TO THE CONDUCT OF YOUR BUSINESS.

ANY VOLUNTEER WORKER AUTHORIZED BY THE "NAMED INSURED" WHILE ACTING WITHIN THE SCOPE OF THEIR DUTIES AS SUCH, EXCEPT ANY HEALTHCARE PROVIDERS LISTED IN THE ABOVE PARAGRAPH.

ANY STUDENT OF THE HEALTH CARE PROFESSION WHO IS IN TRAINING PROGRAMS SPONSORED AND CONTROLLED BY THE "NAMED INSURED".

ANY PERSON OR MEMBER OF A FORMAL ACCREDITATION, STANDARDS REVIEW OR SIMILAR PROFESSIONAL BOARD OR COMMITTEE OF THE "NAMED INSURED" OR ANY PERSON EXECUTING THE DIRECTIVES OF SUCH BOARD OR COMMITTEE, WHILE ACTING WITHIN THE SCOPE OF THEIR DUTIES AS SUCH.

ANY MEDICAL DIRECTOR OR ADMINISTRATOR, BUT SOLELY AS RESPECT THEIR ADMINISTRATIVE DUTIES PERFORMED FOR AND ON BEHALF OF THE "NAMED INSURED".

GU 207 (6-78)

(The Attaching Clause need be completed only when this endorsement is issued subsequent to preparation of the policy.)

GU 207
(6-78)

ENDORSEMENT

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issued to. INTEGRATED HEALTH SERVICES, INC.



Authorized Representative

HOWEVER, NONE OF THESE IS AN INSURED FOR:

- (1) "BODILY INJURY", "PERSONAL INJURY" OR "MEDICAL INCIDENTS" :
 - (a) TO YOU, TO YOUR PARTNERS OR MEMBERS (IF YOU ARE A PARTNERSHIP OR JOINT VENTURE), TO YOUR MEMBERS (IF YOU ARE A LIMITED LIABILITY COMPANY), OR TO A CO-"EMPLOYEE" WHILE THAT CO-"EMPLOYEE" IS EITHER IN THE COURSE OF HIS OR HER EMPLOYMENT OR PERFORMING DUTIES RELATED TO THE CONDUCT OF YOUR BUSINESS;
 - (b) TO THE SPOUSE, CHILD, PARENT, BROTHER OR SISTER OF THAT CO-"EMPLOYEE" AS A CONSEQUENCE OF PARAGRAPH (1) (a) ABOVE;
 - (c) FOR WHICH THERE IS ANY OBLIGATION TO SHARE DAMAGES WITH OR REPAY SOMEONE ELSE WHO MUST PAY DAMAGES BECAUSE OF THE INJURY DESCRIBED IN PARAGRAPHS (1) (a) OR (b) ABOVE; OR
 - (d) ARISING OUT OF HIS OR HER PROVIDING OR FAILING TO PROVIDE PROFESSIONAL HEALTH CARE SERVICES, MEDICAL CARE, OR PROFESSIONAL SERVICES TO PATIENTS.
 - (2) "PROPERTY DAMAGE" TO PROPERTY:
 - (a) OWNED, OCCUPIED OR USED BY,
 - (b) RENTED TO, IN THE CARE, CUSTODY OR CONTROL OF, OR OVER WHICH PHYSICAL CONTROL IS BEING EXERCISED FOR ANY PURPOSE BY
- YOU, ANY OF YOUR "EMPLOYEES", ANY PARTNER OR MEMBER (IF YOU ARE A PARTNERSHIP OR JOINT VENTURE), OR ANY MEMBER (IF YOU ARE A LIMITED LIABILITY COMPANY).

GU 207 (6-78)

(The Attaching Clause need be completed only when this endorsement is issued subsequent to preparation of the policy.)

GU 207
(6-78)

ENDORSEMENT

This endorsement, effective on _____ at 12:01 A.M. standard time, forms a part of
Policy No. NGB 0151564-00 of the
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Authorized Representative

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSIONS - ASBESTOS

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

HOSPITAL PROFESSIONAL LIABILITY COVERAGE FORM

THE FOLLOWING ADDITIONAL EXCLUSION APPLIES:

THIS INSURANCE DOES NOT APPLY TO MEDICAL INCIDENTS, BODILY INJURY, PROPERTY DAMAGE, PERSONAL INJURY OR ADVERTISING INJURY ARISING OUT OF THE ACTUAL, ALLEGED OR THREATENED:

1. INHALATION OF, INGESTION OF, OR PROLONGED PHYSICAL EXPOSURE TO ASBESTOS OR PRODUCTS OR WORK CONTAINING ASBESTOS; OR
2. USE OF ASBESTOS IN YOUR WORK OR YOUR PRODUCT OR THE WORK OR PRODUCTS OF ANY PERSON OR ORGANIZATION FOR WHOM YOU MAY BE LEGALLY RESPONSIBLE; OR
3. EXPOSURE TO ASBESTOS OR PRODUCTS CONTAINING ASBESTOS WHICH ARE AT ANY TIME REMOVED FROM A BUILDING OR A STRUCTURE, TRANSPORTED, HANDLED, STORED, TREATED, DISPOSED OF, PROCESSED OR MANUFACTURED BY YOU OR ANY PERSON OR ANY ORGANIZATION FOR WHOM YOU MAY BE LEGALLY RESPONSIBLE.

GU 207 (6-78)

NGB 0151564-00

INTEGRATED HEALTH SERVICES, INC.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

UNINTENTIONAL FAILURE TO DISCLOSE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

HOSPITAL PROFESSIONAL LIABILITY COVERAGE FORM

Your unintentional failure to disclose all hazards as of the inception date of the policy shall not prejudice any insured with respect to the coverage afforded by this policy.

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RN 00 R013 00 0394

(The Attaching Clause need be completed only when this endorsement is issued subsequent to preparation of the policy.)

GU 207
(6-78)

ENDORSEMENT

This endorsement, effective on _____ at 12:01 A.M. standard time, forms a part of
Policy No. NGB 0151564-00 _____ of the
Issued to. INTEGRATED HEALTH SERVICES, INC.



Authorized Representative

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KNOWLEDGE OF OCCURRENCE

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

HOSPITAL PROFESSIONAL LIABILITY COVERAGE FORM

IT IS AGREED THAT KNOWLEDGE OF AN OCCURRENCE BY THE AGENT, SERVANT OR EMPLOYEE OF THE INSURED SHALL NOT IN ITSELF CONSTITUTE KNOWLEDGE BY THE INSURED UNLESS THE NAMED INSURED OR ANY PARTNER OR ANY EXECUTIVE OFFICER OR ANY OTHER OFFICER OR PERSON RESPONSIBLE FOR INSURANCE MATTERS OF THE INSURED'S CORPORATION SHALL HAVE RECEIVED SUCH NOTICE FROM THE AGENT, SERVANT OR EMPLOYEE.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

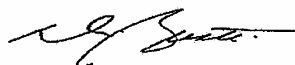
GU 207 (6-78)

(The Attaching Clause need be completed only when this endorsement is issued subsequent to preparation of the policy.)

GU 207
(6-78)

ENDORSEMENT

This endorsement, effective on _____ at 12:01 A.M. standard time, forms a part of
Policy No. NGB 0151564-00 of the
Issued to. INTEGRATED HEALTH SERVICES, INC.



Authorized Representative

UNINTENTIONAL ERRORS AND OMISSIONS

IT IS AGREED THAT UNINTENTIONAL ERRORS OR OMISSIONS IN YOUR DUTIES IN THE EVENT OF
OCCURRENCE, CLAIM OR SUIT AS STATED IN CONDITIONS SHALL NOT PREJUDICE INSURANCE AFFORDED
BY THIS POLICY.

GU 207 (6-78)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

DEDUCTIBLE LIABILITY INSURANCE

(ALAE reduce Deductible)

INSURED: INTEGRATED HEALTH SERVICES, INC.POLICY NUMBER: NGB 0151564-00

ENDORSEMENT NUMBER: _____

ENDORSEMENT EFFECTIVE: 1/1/99

This Endorsement modifies Insurance provided under the Policy.

SCHEDULE

Coverage	Amount and Basis of Deductible	
Bodily Injury Liability	\$	per "claim"
	\$	per "occurrence"
Property Damage Liability	\$	per "claim"
Medical Incident Liability	\$ 2,000,000.	per "occurrence"
Bodily Injury Liability and Property		
Damage Liability Combined	\$	per "claim"
	\$ 1,000,000.	per "occurrence"
Personal and Advertising Injury	\$	per "claim"
	\$ 1,000,000.	per "occurrence"
	\$	per any one person or organization
Fire	\$ Policy Limit	per fire
Medical Expenses	\$ Policy Limit	per person
Deductible Aggregate	\$ N/A	
Employee Benefits Liability	\$1,000,000	Per "Claim"

(If no entry appears in the Schedule above, information required to complete this Endorsement will be shown in the Declarations as applicable to this Endorsement.)

Page

APPLICATION OF ENDORSEMENT

1. Our obligation under the Policy to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the above Schedule as applicable to such coverages, and the Limits of Insurance set forth in the Declarations applicable to this Endorsement for such coverages will be reduced by the amount of such deductible. The "Aggregate" Limits of Insurance stated in the Declarations of the Policy for such coverages shall be reduced by the application of such deductible amount.

"Allocated Loss Adjustment Expenses" for claims within the deductible shall be paid by you and shall reduce the deductible amounts stated in the above Schedule.

"Allocated Loss Adjustment Expenses" is defined as those expenses under the "Supplementary Payments" section of the Policy which we directly allocate to a particular claim.

2. The deductible amounts stated in the above Schedule on a "per claim" basis and a "per occurrence" basis apply as follows:

A. **PER CLAIM BASIS** - If the deductible is on a "per claim" basis, the deductible amount applies:

1. Under the Bodily Injury Liability or Property Damage Liability Coverage, respectively:
 - a. To all damages because of "bodily injury" sustained by one person, or
 - b. To all damages because of "property damage" sustained by one person or organization, as the result of any one "occurrence".
2. Under Bodily Injury Liability and Property Damage Liability Coverage combined, to all damages because of "bodily injury" and "property damage" sustained by one person or organization as the result of any one "occurrence".
3. Under the Personal and Advertising Injury Coverage, to all damages because of "personal injury" and "advertising injury" sustained by one person or organization as the result of any one "occurrence".

B. **PER OCCURRENCE BASIS** - If the deductible is on a "per occurrence" basis, the deductible amount applies:

1. Under Bodily Injury Liability or Property Damage Liability Coverage, respectively:
 - a. To all damages because of "bodily injury" as the result of any one "occurrence", or
 - b. To all damages because of "property damage" as the result of any one "occurrence"
 - c. To all damages because of "medical incident" as the result of any one "occurrence"

regardless of the number of persons or organizations who sustain damages because of that "occurrence".

2. Under Bodily Injury Liability and Property Damage Liability Coverage combined, to all damages because of "bodily injury" and "property damage" as the re-

number of persons or organizations who sustain damages because of that "occurrence".

3. Under the Personal and Advertising Injury Coverage, to all damages because of "personal injury" and "advertising injury" as the result of any one "occurrence" regardless of the number of persons or organizations who sustain damages because of that "occurrence".

C. DEDUCTIBLE AGGREGATE - If a "Deductible Aggregate" is shown in the above Schedule:

1. When as a result of the application of deductibles, the total of all deductibles paid by you exceeds the amount shown as "Deductible Aggregate" in the above Schedule, we will then pay for all damages that would otherwise be payable without applying any further deductibles, but the amount we will pay is limited as described under all provisions of the Policy applying to the Limits of Insurance.
2. The "Deductible Aggregate" amount applies separately to each Policy year. Each Policy year:
 - a. begins with the inception or anniversary date of the Policy; and
 - b. ends at the next anniversary date or the expiration of the Policy.
3. The terms of this insurance, including those with respect to:
 - A. Our right and duty to defend any "suits" seeking those damages; and
 - B. Your duties in the event of an "occurrence", claim, or "suit" apply irrespective of the application of the deductible amount.
4. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

